

**DEPARTMENT OF ADMINISTRATION
STATEWIDE PLANNING
FHWA TECHNOLOGY TRANSFER CENTER
SEPTEMBER 2003**

**DEPARTMENT OF ADMINISTRATION
BUREAU OF AUDITS
ONE CAPITOL HILL
PROVIDENCE, RI 02908-5889**

DEPARTMENT OF ADMINISTRATION
STATEWIDE PLANNING
FHWA TECHNOLOGY TRANSFER CENTER

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STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

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One Capitol Hill
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September 10, 2003

Robert J. Higgins, Director
Department of Administration
One Capitol Hill
Providence, RI 02908

Dear Mr. Higgins:

We have completed a review of Rhode Island Public Works Association, Inc., which provides training workshops and other training opportunities for local and state public works departments. Our audit was conducted in accordance with the request from the Federal Highway Administration Rhode Island Division Office and the Department of Administration's Statewide Planning Program/Technology Transfer Center.

The findings and recommendations included herein have been discussed with Rhode Island Public Works Association, Inc.'s program manager and we have considered his comments in the preparation of our report. While the content of the findings relates to Rhode Island Public Works Association, Inc.'s performance under its contract with the state, the recommendations contained in our report are directed to either the Department of Administration's Central Business Office or Statewide Planning Program for corrective action. Management's response to our recommendations has been included in this report.

Sincerely,

Stephen M. Cooper, CFE, CGFM
Chief, Bureau of Audits

SMC:pp

pc: John P. O'Brien, Statewide Planning Program, DOA
Louise Bright, Central Business Office, DOA
Rhode Island Public Works Association, Inc

DEPARTMENT OF ADMINISTRATION
STATEWIDE PLANNING
FHWA TECHNOLOGY TRANSFER CENTER

INTRODUCTION

Objectives, Scope, and Methodology

We have conducted a review of Rhode Island Public Works Association, Inc., to determine its compliance with the contractual terms and conditions as specified in the Cooperative Agreement 2001-5 covering the period October 1, 2001 to June 30, 2003. Our review was made in accordance with *Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors and included such tests of the accounting records and auditing procedures as we considered necessary in the circumstances.

Our objectives were to evaluate the contractor's performance in developing, administering, organizing, conducting, presenting, providing, and/or carrying out a training program for officials involved in local public works activities on behalf of the Department of Administration's Statewide Planning Program/Technology Transfer Center. Our primary focus was directed toward the practices and procedures employed by Rhode Island Public Works Association, Inc., in fulfilling its contractual requirements.

To achieve our objectives, we tested documentation at Rhode Island Public Works Association, Inc., and reviewed activity for the training. In addition, we reviewed and analyzed the contractual terms and conditions, as well as applicable state laws and regulations. We also interviewed personnel and tested the effectiveness of the policies and procedures followed to ensure compliance with all of these requirements.

The findings and recommendations included herein have been discussed with the President of Rhode Island Public Works Association, Inc., and we have considered his comments in the preparation of our report. While the content of the findings relates to Rhode Island Public Works Association, Inc.'s performance under its contract with the state, the recommendations contained in our report are directed to either the Department of Administration's Central Business Office or the Statewide Planning Program/Technology Transfer Center for corrective action. Management's response to the findings and recommendations are included in this report.

Background

The Rhode Island Technology Transfer Station, established in 1991, is a cooperative effort of the Federal Highway Administration, Rhode Island Department of Administration and the Rhode Island Department of Transportation. The Center receives guidance and program direction from an Advisory Committee representing local communities and state government. The Rhode Island Technology Transfer Center is one of 57 Centers established by the Federal Highway Administration Local Technical Assistance Program.

The objective of the Center is to meet the needs of the local transportation personnel and agencies by:

- Establishing and maintaining a system to increase transportation expertise to the state and local transportation and public works agencies.
- Providing a conduit for materials prepared at the national level for local use.
- Encouraging and promoting effective implementation and use of research findings and innovations for improving transportation.
- Improving communication on transportation technology between federal, state, and local transportation agencies.

The types of the services provided include technical support, computer information, and referral assistance is available; as well as, scheduled workshops, publications, an electronic library, and a quarterly newsletter.

Effective July 1, 2003 the University of Rhode Island Transportation Center is responsible for administering the Rhode Island Technology Transfer Center.

Source: <http://www.planning.state.ri.us/t2/about.htm>

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FINDINGS AND RECOMMENDATIONS

Budget Process

The Office of Statewide Planning (SWP) is overstating its general revenue requirements because salary and benefits attributable to the FHWA Technology Transfer Center Program are not budgeted to the federal program. SWP is budgeting employee salary and benefits to the general revenue appropriation then during the fiscal year a portion of the salary and benefits expenditures are transferred from the general revenue appropriation to the federal account. The following table compares the budget to actual expenditures.

| FHWA Technology Transfer Center Program Comparison of Budget to Actual Expenditures | | | | |
|--|----------------------------------|-------------------|--------------------------------------|-------------------|
| Description | July 1, 2001 to June 30, 2002 | | July 1, 2002 to December 31, 2002 | |
| | Budget | Expenditures | Budget | Expenditures |
| Personal Services | | 21,226.95 | | 6,331.91 |
| Benefits | | 6,390.81 | | 2,042.37 |
| Operating Expenditures | 12,550.00 | 923.49 | 12,550.00 | 5,003.61 |
| Equipment | | (2,000.15) | | |
| Grants/Subsidies | 115,000.00 | 120,150.01 | 115,000.00 | 95,559.66 |
| Total | 127,550.00 | 146,691.11 | 127,550.00 | 108,937.55 |

Recommendation

1. The Department of Administration's Central Business Office should require the Office of Statewide Planning to properly identify its budgetary needs for both the state and federal appropriation accounts.

Management's Response: Partially Accepted

Rhode Island Public Works Association, Inc.

We tested documentation at Rhode Island Public Works Association, Inc., to determine its performance in developing, administering, organizing, conducting, presenting, providing, and/or carrying out a training program for officials involved in local public works activities on behalf of the Department of Administration's Statewide Planning Program/Technology Transfer Center. Our primary focus was directed toward the practices and procedures employed by Rhode Island Public Works Association, Inc., in fulfilling its contractual requirements. Our evaluation disclosed no condition that we believe to be a non-compliance issue with the contractual terms.

| Summary of Account Activity For the Fiscal Year Ended June 30, 2002 | | | | |
|--|--------------------|------------------|-------------------|-------------------|
| Description | Transfers | J. Cathcart | RI PWA | Total |
| Conference Rooms | - | - | 900.00 | 900.00 |
| Meals | - | 157.50 | 18,726.05 | 18,883.55 |
| Instructor Fees | - | 75.10 | 17,069.50 | 17,144.60 |
| Coordination | - | 16,695.00 | 33,923.29 | 50,618.29 |
| Administrative | - | 6,839.31 | 11,989.82 | 18,829.13 |
| Program Development | - | - | 6,413.00 | 6,413.00 |
| Expenses | - | - | 34,521.05 | 34,521.05 |
| Transfers from SWP | 8,983.10 | - | - | 8,983.10 |
| Transfers to SWP | (36,142.71) | - | - | (36,142.71) |
| Total | (27,159.61) | 23,766.91 | 123,542.71 | 120,150.01 |

Contract With Rhode Island Public Works Association, Inc.

We reviewed the terms of the contract between the Statewide Planning Program/Technology Transfer Center and Rhode Island Public Works Association, Inc., and noted the following areas of concern:

- The estimated costs for the courses are not provided in advance to the Statewide Planning Program.
- There is no audit clause in the contract.

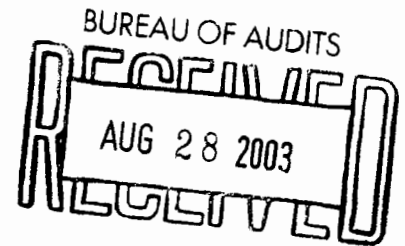
| Summary of Account Activity For the Period July 1, 2002 to December 31, 2002 | |
|--|------------------|
| Description | RI PWA |
| Conference Rooms | 1,000.00 |
| Meals | 15,444.64 |
| Instructor Fees | 23,145.00 |
| Coordination | 36,391.01 |
| Administrative | 12,514.78 |
| Program Development | 1,025.00 |
| Expenses | 6,039.23 |
| Transfers from SWP | - |
| Transfers to SWP | - |
| Total | 95,559.66 |

Recommendation

2. All future contracts should include a provision that requires an audit of the contract within 3 months of the close of its fiscal year.

Management's Response: Partially Accepted

STATE OF RHODE ISLAND
Department of Administration
STATEWIDE PLANNING PROGRAM
One Capitol Hill
Providence, Rhode Island 02908



MEMORANDUM

To: Robert J. Higgins, Director
Through: Jerome Williams, Executive Director, Operations
From: John P. O'Brien, Chief
Subject: Response: Draft Audit Findings: FHWA Technology Transfer Center
Date: August 27, 2003

FINDING: Budget Process

The Office of Statewide Planning is overstating its general revenue requirements because salary and benefits attributable to the FHWA Technology Transfer Center Program are not budgeted to the federal program.

RECOMMENDATION #1.

The Department of Administration's Central Business Office should require the Office of Statewide Planning to properly identify its budgetary needs for both the state and federal appropriations accounts.

RESPONSE: PARTIALLY ACCEPTED

A portion (50%) of the staff time devoted to this task is charged to another FHWA account with the appropriate state match (20%). The finding is accurate in that no personnel services were budgeted for the audited account.

Corrective Action: CBO will make adjustment to FY 04 budget for small portion of personnel expenses that will continue to support this task.

FINDING: Contract with Rhode Island Public Works Association, Inc.

We reviewed the terms of the contract between the Statewide Planning/Technology Transfer Center and Rhode Island Public Works Association, Inc. and noted the following areas of concern:

- The estimated costs for the courses are not provided in advance to the Statewide Planning Program.
- There is no audit clause in the contract.

RECOMMENDATION #2

All future contracts include a provision that requires an audit of the contract, and that a copy be submitted to the Statewide Planning Program within 3 months of the close of the fiscal year.

RESPONSE: PARTIALLY ACCEPTED

The contract provides for specified deliverables in terms of number of training sessions to be offered. The subject matter of sessions is determined by a steering committee as provided for in the contract. The cost of the training varies according to subject matter and attendance.

The provision for an audit is included in the current contract.

Please note that this program was transferred to the University of Rhode Island's Transportation Center effective July 1, 2003.

An Exit Conference was held with the Executive Director and the auditors this date.

Copy:  S. Cooper, F. Collaro, Bureau of Audits